

ETF Spotlight on **PIMCO Intermediate Municipal Bond Strategy Fund** (NYSEArca: [MUNI](#)), part of an ongoing series.

Assets: \$160.2 million.

Objective: The PIMCO Intermediate Municipal Bond Strategy Fund is an actively managed ETF that consists of intermediate duration, high credit quality bonds with federally tax-exempt income.

Holdings: Top holdings include: CT Hlth/Edu FAC-A-HAR 3.3%, WI Transp REV-1 1.9%, PA HGR ED-AM 1.9%, Barber Hill ISD PSF-GTD 1.8% and TX MUN Gas-SR Lien-D 1.7%.

What You Should Know:

- **Pacific Investment Management Company**, or simply **PIMCO**, sponsors the fund.
- Executive Vice President and head of municipal bond portfolio management Joesph Deane manages the fund.
- MUNI has an expense ratio of 0.35%.
- The fund has 162 holdings and the top ten make up 18.0% of the overall portfolio.
- Maturity distributions include: 0-1 years 6%, 1-3 years 6%, 3-5 years 22%, 5-10 years 47% and 10-20 years 19%.
- The ETF has an effective duration of 6.53 years.
- Top state allocations include: 12.7%, Texas 11.8%, New York 11.3%, Florida 7.9%, Ohio 5.6%, Illinois 5.3%, New Jersey 4.9%, North Carolina 3.7%, Massachusetts 3.5% and Washington 3.4%.
- S&P credit rankings include: AAA 13.4%, AA+ 11.8%, AA 13.1%, AA- 12.4%, A+ 16.5%, A 10.8%, A- 6.61%, BBB+ 1.6% and BBB 0.7%.
- MUNI has a 1.51% 30-day SEC yield.
- The fund is up 0.9% over the last month, up 1.3% over the past three months and up 3.2% year-to-date.
- The ETF is 1.8% above its 200-day exponential moving average.
- “Compared to traditional mutual funds, active municipal ETFs provide enhanced portfolio transparency and intraday pricing,” according to a PIMCO research note. “The secondary market for ETFs is exchange traded with continuous real-time pricing, and ETF shares can be treated or redeemed by authorized participants in exchange for securities or cash, benefiting

from PIMCO's institutional trade execution and access to the underlying bonds.”

The Latest News:

- U.S. muni bond sales will total \$6.4 billion next week, down from this week's revised \$7.6 billion, [Reuters](#) reports.
- Rep. Barney Frank, Ranking member of the House Financial Services Committee, is arguing against the unfair treatment of muni credit ratings. [[Muni Bond ETFs Yawn at Latest Bankruptcy](#)]
- Munis “almost never default because they are double tax exempt and because the rating agencies inaccurately tell people that there is a risk of default, which is not existing,” Frank said in a [ForexLive](#) report.
- **Rep. John Campbell**, though, warns of more to come.
- **“I could not disagree more, coming from California where we've had three municipal bankruptcies — we probably will have nine more very soon,” Campbell said.**
- “The looming defaults by Stockton and San Bernardino raise the possibility that distressed municipalities — in California and, perhaps, elsewhere — will begin to view debt service as a discretionary budget item, and that defaults will increase,” Anne Van Praagh, a managing director at Moody's Investors Service, said in a [Bloomberg](#) article.